

MANAGEMENT MEMO

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EXPIRES: When Rescinded
ISSUING AGENCY: Department of Information Technology

SUBJECT:

Fundamental Decision Criteria for Approval
of Information Technology Projects

REFERENCES:

California Government Code Section 11700, et. seq.

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The Department of Information Technology (DOIT) is charged with responsibility for establishing clear and concise direction regarding state agencies' investments in major information systems, and to oversee compliance with that direction through the project initiation and approval process. Furthermore, the project approval itself does not ordain closure, but ensures ongoing project support by the DOIT throughout the budget process as well. In order to facilitate the approval and support processes, minimum information technology (IT) investment fundamentals must be clearly articulated by the DOIT and closely complied with by departments.

Accordingly, the fundamental decision criteria set out in this Management Memo are hereby established with respect to the DOIT's evaluation of major information system investments proposed for funding by agencies in the State of California. These criteria apply to both new and ongoing projects whether involving budget augmentation or redirection. These fundamentals were developed from recommendations by the Governor's Task Force on Technology Policy and Procurement, as well as best practices in state and federal government, and the private sector, and are intended to capture in a succinct and concrete way *the right way to do IT projects*. As applicable, they become the fundamental criteria that must be followed for any major IT project to be approved for funding by the DOIT.

These fundamentals will be further defined as appropriate in subsequent management memos, the State Administrative Manual (SAM), and the State Information Management Manual (SIMM).

As a general presumption, the DOIT will recommend new, continued funding, or redirects only for those major system investments that satisfy these fundamentals.

For applicability purposes, a major information system is a system that requires special management attention because of its mission critical nature and/or its significant budget. Large infrastructure investments (e.g., major purchases of hardware, personal computers or network improvements) will also be evaluated against these criteria.


The DOIT recognizes that many agencies are in the middle of ongoing projects initiated prior to enactment of these fundamentals, and may not be able to immediately satisfy the criteria. For those systems that do not satisfy these criteria, the DOIT will consider future funding requests as long as these fundamentals are incorporated to the extent possible.

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As applicable, the DOIT will consider, approve and continue to support only those IT projects that:

1. Support core mission functions defined in agency business plans that need to be performed by state government, and are being undertaken by the requesting agency because no alternative private sector or governmental source can efficiently support the function;
2. Are consistent with state, agency and department IT plans and architectures, and are consistent with the department's Year 2000 compliance plan;
3. Support business functions which have been optimized and redesigned to be more efficient, to improve effectiveness, and to make maximum use of commercial, off-the-shelf software;
4. Demonstrate a clear return on investment, including improved mission performance, reduced cost or enhanced revenues, increased quality, speed or flexibility, or improved customer or employee satisfaction; return should be measured against the California Risk Assessment Model evaluating the project's strategic necessity and technical complexity, the department's management and operational capacity, the likelihood of cost overruns, and the consequences of under- or non-performance;
5. Possess the direct and documented support, and active sponsorship of the most senior department program executive who heads the project steering committee, which is augmented by the support of a representative of the California Information Technology Commission, the state's private sector advisory council;
6. Are conducted by a project team which is organized around a project manager with appropriate certification, and previous management experience in a project of similar size and complexity, are augmented by an independent oversight consultant, and include substantial involvement and approval throughout the project from the program officials and staff who will use the system;
7. Are structured and established with clear project management and control methodologies for tracking project progress with distinct assignments and accountability for unique, brief, measurable tasks; employ project budgeting, scheduling and accounting systems, and are able to report project status to the DOIT against these criteria; and
8. As the primary procurement methodology, the project must employ an iterative and open acquisition strategy (alternative procurement) with potential vendors that is performance-based and appropriately reallocates risk from the state to vendors through letters of credit and other state protections; that calls for implementation in phases, and that ties contract payment to successful accomplishment of each and subsequent project phases.

If you have any questions, please contact the Department of Information Technology at (916) 445-5900.



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